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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/04/08

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- (1) Japan-U.S. defense interests (Part A)

SENTAKU (Pp. 110-113) (Almost full)
January 2008 issue

A giant leap made by Yamada Corp, which used to be a small real estate company, is attributable to Hideaki Tamura, an Air-Self-Defense-Force-officer-turned-Upper House lawmaker. Minoru Genda, who can said to be Tamura's predecessor so to speak, played a role in the 1976 Lockheed scandal and the 1978 Douglas-Grumman scandal. Genda became an Upper House lawmaker after serving as ASDF Chief of Staff. The role played by Genda in the Lockheed scandal was the same as that by Tamura in the Yamada scandal. Similar roles were played by Osamu Kaihara and former Vice Defense Minister Takemasa Moriya, who had both served as Defense Policy Bureau chief and was called the "Emperor." Kakuei Tanaka played the central political role in the Lockheed scandal, and Nobusuke Kishi in the Douglas-Grumman scandal. Regarding the Lockheed scandal, The New York Times exposed that CIA funds had been funneled into Japan, shifting eventually the investigative direction to the arrest of Kakuei Tanaka.

There are stark similarities between the Douglas-Grumman and Lockheed scandals and the Yamada scandal. In other words, the Yamada scandal is a rerun of a dark drama that has repeatedly been played in the postwar period over defense interests, especially over aircraft interests. The Yamada scandal, however, led to the arrest of a former administrative vice-defense minister, a rare development. This unusual development has opened a crack to offer a glimpse into the inner workings of Japan-U.S. defense interests.

Moriya is the key-man to shedding light on the interests associated with U.S. force realignment in Japan. The special investigation squad of the Tokyo District Public Prosecutors Office has begun dashing ahead to uncover the facts about the scandal based on Moriya's statements. Beneath lie bottomless interests in the name of the Japan-U.S. alliance. They are the "Guam interests."

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Bechtel has strong ties to U.S. administration's inner circle

Last summer, a military delegation visited Saipan and its neighboring islands 200 kilometers away from Guam. The group was from the missile department of the U.S. giant corporate group Bechtel.

A Japanese government official said:

"Although only Guam is focused in Japan, the U.S. Defense Department intends to create a huge military base that can become a frontline base replacing Okinawa toward Asia by combining the areas up to the Mariana Islands, including Saipan. A military expansion plan has surfaced to establish training and research facilities and reserve stockpile stations at various places to conduct training against submarines and patrol aircraft and exercises for defending the homeland or improve the logistical department. The plan keeps growing in anticipation of the Japan money the government promised at the 2+2 (Japan-U.S. Security Consultative Committee) meeting."

The realignment of U.S. forces in Japan is estimated to cost 3 trillion yen in total. Of it, the Guam relocation plan accounts for 1.1 trillion yen. Japan is to bear 60 PERCENT of it. Japan's financial contribution is legally groundless, as it is not mentioned in the Japan-U.S. Status of Forces Agreement on the handling of U.S. bases in Japan. It was supposed to be covered by the expenses connected with SACO (Special Action Committee on Okinawa) and the "sympathy budget." But because they were insufficient to fund the 3 trillion yen, the two governments have come up the strange scheme of making Japan foot the bill partially.

Meanwhile, the cost of relocating/integrating U.S. forces in Japan was estimated at 2.3 trillion yen. Then U.S. Deputy Defense Undersecretary Richard Lawless categorically said: "As long as there is the U.S.-Japan alliance, it is natural for Japan to bear the cost in full."

A government official took this view:

"Japan paid 300 million dollars in accordance with a secret pact at

the time of Okinawa's reversion to Japan. Japan also saved the Republican Nixon administration suffering from the huge financial burden of the Vietnam War. This time around, Japan, which has not directly funded the Iraq war, has provided relief for the Bush administration under the cloak of bearing the cost of the Guam relocation instead of a secret pact."

The Japanese government has unilaterally been forced to make contributions to the planned relocation. Japan, which has not been informed of the basis of the estimate, is frightened by endless requests from the United States.

A Japanese military corporate executive noted:

"The beautiful resort island of Guam and the islands in its vicinity have now turned into a hunting ground for the military industry. Although the Japanese government says it is still at a planning stage, the realignment project is fully underway on the ground, and Bechtel has now finally come on the stage."

Bechtel, though unlisted, is the world's strongest general

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contractor that undertakes nuclear plants and airports in Asia and Europe. Former Secretary of State George Shultz and former Secretary of Defense Casper Weinberger under the Reagan administration, which pursued a military expansion policy course, once served as president and vice president, respectively, of Bechtel. The company is a quintessential political merchant.

Bechtel's current chairman Riley Bechtel is a member of an advisory panel to President Bush George W. Bush. With his political power in the backdrop, the company has won a 4 billion-yen infrastructure improvement project, a post-Iraq war pivotal reconstruction undertaking. This can explain why the company is ridiculed as a postwar hyena.

Envisaging that Guam will become a military town, Bechtel reportedly has an eye on a nuclear power generation project to cover growing electric power consumption.

Bechtel's viral is reportedly the Shaw Group Inc.

A government source explained:

"In anticipation of the relocation, Andersen Air Force Base on Guam completed its second runway for 2.5 billion yen just in June last year. Shaw has also started waste disposal and environmental plant projects."

Armitage, the fixer

Shaw is also a shrewd political merchant. The company is racking up profits, hiring President Bush's national campaign manager as its lobbyist, coming forward for a post-Iraq war oil plant project, and winning orders for many post-disaster recovery projects in the United States.

The U.S. government has recently determined fiscal 2008 budgetary steps for the Guam relocation plan. Shaw is targeting the relocation plan entirely dependent on Japan money.

A Japanese government official commented:

"Shaw executives visited Japan in the fall of the year before last when the realignment plan did not take shape, and lobbied political and business circles to swiftly disburse 700 billion yen in Japan's contribution. The firm also concluded a consultant agreement with Nihon Mirise Corp. run by Motonobu Miyazaki to work upon Japanese corporations to invest in Guam."

Pestering Japan for money are senior Pentagon officials and huge American corporate groups like Bechtel and Shaw. Actively hiring retired military officers, Bechtel and Shaw are targeting defense interests by using their connections. They have two ways: one is to work upon the Pentagon through retired officers and the other is to

use former senior U.S. government officials as lobbyists.

Such individuals as Richard Armitage, who served as assistant secretary of defense and deputy secretary of state under a

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Republican administration, and William Cohen, who served as secretary of defense under the Clinton administration despite his

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being a Republican, have played since the 1990s important roles as fixers in hunting for defense interests straddling Japan and the United States. Armitage pressed Japan to revise Article 9 of the

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Constitution to allow Japan and the United States to take joint military operations. He also urged Japan to improve its emergency legislation and offer cooperation to the United States in the wake of 9/11.

A source connected with the Defense Ministry took this view:

"He played a central role in addressing the question of determining a Futenma replacement facility that drew fire from Okinawa residents, serving as a U.S. contact person in talks on the realignment issue. Winning a reputation from Tokyo that he lends an ear to Japan's views, he has established himself as pro-Japanese."

It has come to light through investigations by the special investigation squad that Armitage and his aides have received a total of over 100 million yen over the last seven years from Yamada International Corp., Yamada's U.S. subsidiary. Armitage established in 1993 a consultant firm called Armitage Associates. Armitage received funds even during his tenure as deputy secretary of state through this firm.

A Defense Ministry source also said:

"Motonobu Miyazaki, now under arrest, indicated that he has been on friendly terms with (Armitage) over the last 20 years. (Miyazaki) also took the trouble of introducing (Armitage) to Moriya, who did not have any personal connections in the United States."

Taking seriously the fact that money was paid to the senior U.S. official, the special investigation squad is questioning Miyazaki and others to find out detailed circumstances.

A journalist residing in the United States commented:

"He had received large sums of money from various quarters in the name of consulting fees even from before becoming deputy secretary of state under the Bush administration."

There is a list of clients exhibiting his enormous money-collecting power. They all pay 5,000 dollars a year. On the list are nearly 50 companies ranging from the defense industry, such as Boeing and Halliburton (subsidiary), to financial groups, such as Goldman Sachs.

Also on the list are the Japanese Embassy, Japan National Oil Corp. (currently Japan Oil, Gas and Materials National Corp.), Japan Petroleum Exploration Co., Institute of Research and Innovation, which is involved in R&D in the nuclear fuel recycling field. Such public-interest corporations and special corporations are listed along with Mitsubishi, Toshiba, and Yamada International.

The U.S.-based journalist also said: "Although he is regarded as pro-Japanese, his ties exist only through money. They are convenient clients supplying money to his business." According to a concerned source, Armitage is also involved in the real estate business and has invested in such companies as Pfizer and AIG. This shows his dirty side of doing business on the strength of his money-collecting power and political influence.

Former Secretary of Defense William Cohen has also founded a consultant firm called Cohen Group. The firm hires former Pentagon

officials as lobbyists. Its aggressive money-collecting activities

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have often been reported by the U.S. media.

(2) Tasks after enactment of new antiterrorism legislation: Need to discuss future operations with other countries; What is Japan expected to do?

YOMIURI (Page 16) (Full)
January 4, 2008

Hidemichi Katsumata

The new antiterrorism special measures law intended for Japan to resume its refueling mission in the Indian Ocean is expected to be approved again in the Lower House possibly sometime in next week. But this does not mean the putting to an end of debate on "war on terrorism." Instead, it restarts the debate.

There is no end to Al-Qaeda and other terrorist organizations traveling by sea from Afghanistan via Pakistan and Iran. They travel by sea to transport narcotics, weapons, and people. In order to prevent them from doing so, naval forces from the United States, Britain, France, and Pakistan -- members of the Coalition of the Willing -- are on the alert against terrorism and monitor the activities of terrorists. Supplying fuel to vessels from the coalition of willing is the role Japan's Maritime Self-Defense Force (MSDF) will fulfill again.

But ahead of resuming this refueling mission, questions were voiced by some SDF officers including those from the MSDF. One officer asked, "I wonder whether the current operations are the best?" Another said: "The war on terrorism has lasted for a long time. It may be a wise policy for Japan to consider another form of cooperation, while being engaged in the refueling mission."

When the terrorist attacks on the U.S. occurred on Sept. 11, 2001, what was important then was for Japan to quickly decide to join the international operation "the war on terrorism." It was also important for Japan to secure the safety of SDF members to be dispatched to take part in that operation.

At the time, Japan discussed a plan to send, in addition to providing refueling services, the Air Self Defense Force, using such aircraft as P-3C patrol planes, to monitor the activities of terrorists on the sea. In December of that year, Japan began providing fuel, and after that, the International Security Assistance Force (ISAF) tasked with securing security in Afghanistan informally asked Japan to send the Ground Self-Defense Force and helicopters to Afghanistan. And the North Atlantic Treaty Organization (NATO) approached to Japan about a plan for the SDF to take over the role played by New Zealand's forces' Provincial Reconstruction Team (PRT), which is operating together with civilians at Bamyán in mid-Afghanistan.

A dispatch of the P-3C to Afghanistan was never realized, however, partly because of difficulties in securing aircraft to be dispatched and also the expected difficulty of guarding them. As for Japan's participation in the PRT, even discussion on that was not held because SDF troops have no authority to guard civilians in international cooperation activities.

At present, more than 40 countries have taken part in the U.S. -led Operation Enduring Freedom (OEF), and ISAF and the PRT. But it

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appears to be a reality that each country has agonized over continuing the war on terrorism in view of the fact that more than 720 participants (as of last November) have been killed in the operations that have continued for six years since the 9/11 terrorist attacks.

Canada saw more than 70 its soldiers killed in Afghanistan, and

Germany has had over 20 deaths. France has had over 10 deaths. Nonetheless, these countries remain engaged in warning operations in ISAF or in the Indian Ocean. Whether to participate in such operations raises a very serious question involving the lives of participating countries' soldiers and civilians. Last January, Prime Minister Abe vowed at the NATO headquarters (in Brussels) to step up support for the PRT. But the arguments that have continued since last fall in the Diet, for instance, are that Japan does not have to cooperate in the U.S.' self-defense war and that OEF is not backed by any United Nations resolutions. No arguments like these have been heard in any countries other than Japan, however.

Once the new antiterrorism legislation is enacted, Japan will again dispatch MSDF vessels (to the Indian Ocean) late this month at the earliest and resume the refueling mission in late February. Japan will then return to the stage of international cooperation, which has been suspended since last November. Taking the opportunity to resume the mission, Japan needs to verify the war on terrorism in cooperation with the U.S., Britain, France, Germany, Canada, Australia, and other countries that are cooperating strongly together and to discuss with those countries how to continue operations.

Through such discussions, Japan can see and make it clear to the public what other countries expect from Japan. For instance, the Air Self-Defense Force (ASDF) now transports goods by means of its C130 transport planes from Kuwait to Baghdad and other Iraqi cities, but if Kabul is included in this transport route, this transport service will lead to supporting ISAF and the PRT. However, Japan would find it difficult to realize a number of tasks because of legal restrictions. Yet one thing would become clear through the discussions: Japan would finally get rid of at least those self-righteous Diet debates.

(3) Year of decisive battle -- interviews with leaders of ruling and opposition parties: DPJ Secretary General Hatoyama mentions the possibility of teaming up with some LDP members

NIKKEI (Page 2) (Slightly abridged)
January 4, 2008

Q: Prime Minister Yasuo Fukuda is unwilling to dissolve the Lower House at an early date. Will you be able to drive him into deciding to do so?

Major opposition Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama: Once the public concludes the prime minister's approach is outrageous and that the contents of his policies are poor, the public will side with us, so we will then grill and grill and grill him. The prime minister may not be bothered, even if the opposition bloc adopts a censure motion against him in the Upper House and causes the Diet to be paralyzed, but if the opposition parties just do nothing when the public gets angry (at the government), the public may suspect that there is a behind-the-scenes agreement between the ruling and opposition

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parties.

If the government and the ruling parties steamroll their way by front-loading a bill intended to continue the provisional tax rate applicable to the gasoline tax, then the prime minister will become responsible also for that bill in addition to the bill aimed at resuming the refueling mission in the Indian Ocean. It is only natural for the DPJ to envision the possibility of presenting a censure motion against the prime minister.

Q: Do you think the end of March, when the provisional tax rate is to expire, will be the time for a showdown?

Hatoyama: If the government front-loads the submission of such a bill, we will then need to come up with a counter bill. It is possible for the DPJ to submit a bill aimed at freezing the provisional tax rate sometime between January and March before the expiration of that tax rate.

Q: There is those who suggests submitting a censure motion against Health Minister Yoichi Masuzoe in connection with the question of identifying unidentified pension premium payment records.

Hatoyama: It (the submission of a censure motion) may give the prime minister an excuse for shuffling his cabinet. The prime minister may dodge the question of the bungled pension premium payment record by arguing the situation has now changed.

Q: How many seats does your party aim to grab in the next Lower House election?

Hatoyama: The DPJ's goal is to secure 151 seats from single-seat constituencies. If the DPJ can grab that number, we can expect to win 70 seats from the proportional representation constituency. The DPJ will then be certain to become the first party. Once the DPJ becomes the first party, it is only natural that Prime Minister Fukuda will hand over the reins of government to us. It would be in accord with the Constitution to then choose the prime minister from the DPJ.

Q: Last year the DPJ announced it would field 250 candidates, but the process of recruiting candidates is running late.

Hatoyama: We need to recruit 20 more candidates to field. Many slots are still open in Tokyo district. In Kanagawa and Chiba districts, a final decision is being formed about whom to field. I think it is possible to line up 250 candidates to field by the end of January.

Q: Rumor has it that big-name party leaders may trade their electoral districts for those districts where an uphill battle is expected.

Hatoyama: I can't tell you anything about that. Trading electoral districts could incur local criticism. It is not at all that easy to do so. The point is what DPJ President Ichiro Ozawa thinks about that.

Q: Rumors are flying around that a grand coalition will be formed after the Lower House election or that another political realignment will occur.

Hatoyama: If the DPJ becomes the first party in both chambers of the

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Diet, it is likely that we will rally those who sympathize with our party's views. Someone who has a centripetal force in (both the ruling Liberal Democratic Party (LDP) and the DPJ) can drive a wedge in the other party.

Q: In such a case, is it possible for the DPJ to team up with a liberal group in the LDP?

Hatoyama: It is fully possible to do so.

(4) Editorial: Future of ODA - Secure the budget to ensure international contribution

MAINICHI (Page 5) (Full)
December 28, 2007

Outlays related to official development assistance (ODA) in the General Account portion of the government's draft budget for fiscal 2008 totaled 700.2 billion yen, a reduction of 4 PERCENT from the previous year's amount. Compared to the 1.16 trillion yen budget in fiscal 1997, there has been a 40 PERCENT drop in ODA. In the reform effort to bring expenditures and revenues together, it was decided that the ODA budget until fiscal 2011 would be cut 2 to 4 PERCENT annually.

The OECD's Development Assistance Committee (DAC) in a calculation of assistance performance over the last ten years, ranked Japan in sixth place (as a global donor). In 2006, Japan was third after the United States and Britain, but now it has been overtaken by Germany, France, and Italy. The ranking reflects the cuts in the ODA budget.

Fiscal policy must be made sound in order to return the economy to its normal state. At the same time, when Japan is making international contributions, the trend of developing countries in decline must be given serious consideration. The Overseas Economic Cooperation Conference established last year in May in order for the prime minister, foreign minister, finance minister and other top officials to discuss the ODA problem from a wider point of view is now supposed to hammer out a policy direction.

Since the revision of the ODA Charter in 2003, the government has focused aid policy on choices and concentration and strategy. However, with the General Account (of cash portion) of the ODA budget being cut, technical cooperation and grant aid also will unavoidably dwindle. Yen loans, which draw funds from the Fiscal Investment and Loan Program, and contributions to international organizations have a limited capability of supplementing that.

In October 2008, the yen-loan (reimbursable aid) portion of the Japan Bank of International Cooperation (JBIC) will merge into the Japan International Cooperation Agency (JICA), which is the agency that implements technical assistance. The non-reimbursable aid division of the Foreign Ministry also in principle will be under JICA's jurisdiction. Unified operation of the ODA program will finally be possible. In May, the fourth Africa Development Conference will be held, and in July, the G8 Summit Conference will be held at Lake Toya in Hokkaido. From the aid perspective, these are good chances for Japan to speak out internationally.

Japan has made an international pledge to add \$10 billion to ODA from 2005 to 2009, and to double aid to Africa in three years, starting in 2005. The extra \$10 billion was used for large-scale

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debt relief, including for Iraq, and the aid for Africa is likely to be attained, since the original amount of aid to that continent was small.

The cooperation being sought internationally now are contributions to the United Nations' Millenium Development target, which sets annual targets for 15 years, measures to counter global warming, and measure to deal with atmospheric pollution. With such situations in mind, the ODA White Paper for 2007 noted the necessity of international cooperation to expand such types of official assistance. Such international cooperation clearly positions as important not only reimbursable and non-reimbursable financial cooperation but also financing from the international financial division (formerly Japan Export-Import Bank) of JBIC and assistance that link the government and private sectors. Even so, with the budget continued to be slashed, Japan's presence in such efforts will wane.

As was introduced in the ODA White Paper, everywhere in the world are Japanese whose mission is international cooperation. In the development of Southeast Asia, Japan contributed with building infrastructure and other projects. Here, too, the value of assistance must not dwindle.

(5) Noboribetsu Grand Hotel picked as lodging site for U.S. delegation to G8 Summit, beating out favored choice Niseko (Hokkaido)

HOKKAIDO SHIMBUN (Page 2) (Full)
December 28, 2007

(Photo of Noboribetsu Grand Hotel at Noboribetsu Spa that the U.S. government delegation has decided to use as its lodging)

It was learned yesterday from several informed sources that Noboribetsu Grand Hotel (261 rooms, located at Noboribetsu Spa in Noboribetsu City) has been picked as the lodging site for the U.S. government delegation to the G8 Summit at Lake Toya that will consist of some 800 officials, the largest scale of the participating countries. The Foreign Ministry has also confirmed that fact. As early as the beginning of the new year, the hotel management and the U.S. Embassy are expected to start negotiations to work out such details as the room charges and the like.

According to sources, the Embassy notified the hotel late last week that the Grand Hotel would be used as the main lodging site. The U.S. side has already investigated the hotel's equipment and security aspects, and it has essentially made the selection. However, the entire delegation cannot be accommodated there, so the possibility is high that another hotel will be used for a portion of the delegation.

At first, the Higashiyama Prince Hotel in Niseko-cho was seen as the favorite, but suddenly, the choice was boiled down to Noboribetsu Grand Hotel. The reasons seemed to be: 1) its track record for security, with the Showa Emperor having stayed there twice; 2) its historical connection to the Occupation's GHQ after the end of the war; 3) its name value as a representative hot-springs spa in Japan; and 4) its geographical superiority, being close to both New Chitose Airport and the main expressway.

Noboribetsu Grand Hotel in 2008 will celebrate its 70th anniversary

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since its establishment. By the time of the lengthy holiday season in May prior to the Summit, such adjustments as remodeling guest rooms and changing the beds will be carried out. According to the Noboribetsu Tourist Association, with Japanese-style rooms being the main feature of Noboribetsu Spa, the Grand Hotel has the most Western-style rooms, approximately 90, and it can provide Western-style service to its guests.

(6) TOP HEADLINES

Asahi, Mainichi, Yomiuri, and Nikkei:
N.Y. crude oil prices briefly hit record 100 dollars

Sankei:
GSDF secret document found at Chinese man's apartment during police search in connection with drug case

Tokyo Shimbun:
Reformist governors to launch decentralization promotion federation, while seeking consent of nonpartisan lawmakers

Akahata:
Hard spring for 100,000 high school students not entitled to interest-free scholarships

(7) EDITORIALS

Asahi:
(1) U.S. presidential campaign: We hope to see debate occur that may change the world
(2) Let's prepare for flu by learning what it is like

Mainichi:
(1) Thinking of 2008: Let's establish a model country of mature country

Yomiuri:
(1) How to eliminate threat of North Korea

Nikkei:
(1) Way to a low carbon society: Grass-roots efforts will lead the government

Sankei:
(1) Stupidity of using tax and financial reforms as a campaign tool

Tokyo Shimbun:
(1) Thinking at the start of New Year: Embryonic movements leading to historic change

Akahata:
(1) Economic outlook for 2008: Dollar's supremacy now at turning point

DONOVAN